



# FISCAL NOTE PREPARATION

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Presented by  
Office of Budget & Program Planning



# What Is a Fiscal Note?

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- ➔ Required on all bills reported out of committee that have an effect on revenues, expenditures, or fiscal liability of the state, a county, or a municipality.

# What Is the Total Processing Time?

## → Statutory 6-day processing time

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- Day 1 - presiding officer sends request.
- Day 2 – budget office contacts agencies.
- Days 2-4 agencies draft fiscal note.
- Day 4-5 analyst reviews and edits.
- Day 6 – budget director signs and transmits to originating house.

# What Is the Total Processing Time?

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AND

- 24 hours for sponsor review

# What If the Sponsor Disagrees With the Fiscal Note?

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- ➔ Disagree and not sign
- ➔ Meet with the budget office and the agency to try to have the note revised.
- ➔ Submit a sponsor's fiscal note which will be printed and distributed with the official fiscal note.

# Who Requests Fiscal Notes?

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- ➔ President of the Senate
- ➔ Speaker of the House

# Who Determines the Need for a Fiscal Note?

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- ➔ The following may notify the presiding officer that a fiscal note is needed.
  - Legislative Services Division
  - Standing Committee
  - Sponsor
  - Majority of members in the house in which a bill is being considered
  - Agency may advise the budget office or chair of the committee



# Preparing Fiscal Notes





# Agencies Are Notified

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- Primary Contact for the agency is notified.
- Secondary Contact is notified, if the primary is unavailable.
- Confirmation of request received is required.
- Requests after 5 PM count as day 1.
- All agencies must respond to the request.

# Read the Bill

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- This is the most important step.
- Read, and reread, and discuss with others until the bill is absolutely clear.
- Bills are available on LAWS.
- Check the version of the bill.

# Access the Fiscal Note Template

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➔ Govhlnadm02/SESSION/Template/

- General Fiscal Note
- Local Gov Fiscal Impact
- Pension Fund Fiscal Note
- 5 Yr Fiscal Note
- No Impact Fiscal Note
- Dedicated Revenue Template
- Statutory Appropriation Template

# Access the Fiscal Note Template

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- ➔ Make sure macro security is set to low or medium.

In an Excel spreadsheet

Tools

Macro

Security

# Access the Fiscal Note Template

→ Select bill, sponsor, version, and appropriate check boxes.

To open, right click on "Select a bill", select Worksheet Object/Edit. To exit, click outside the spreadsheet.

<b>Bill #</b>	Select a bill		<b>Title:</b>	No bill # selected
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<b>Primary Sponsor:</b>	No bill # selected	<b>Status:</b>	As Introduced
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- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

# Fiscal Note Naming Convention

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→ Senate Bills – Sxxxxaaaa.vv

→ House Bills – Hxxxxaaaa.vv

x = bill

a = agency

v = version on bill in lower left corner)

→ Add “r” for revised and “dr” for dedicated revenue

# Fiscal Analysis

## → Assumptions:

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- Short concise sentences
- Use the Executive Budget to begin adjustments
- Separate each assumption
- Calculate the fiscal impact
- Structure assumptions to follow steps of preparation

# Fiscal Analysis (continued)

## → Assumptions (continued)

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- Note where the numbers came from
- Document source of as assumptions
- If bill imposes a new requirement - cite workload measures that will be used to determine expenditure estimate.



# Fiscal Analysis (continued)

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE	0.00	0.00	0.00	0.00
<b><u>Expenditures:</u></b>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0
Equipment	\$0	\$0	\$0	\$0
Benefits	\$0	\$0	\$0	\$0
Transfers	\$0	\$0	\$0	\$0
<b>TOTAL Expenditures</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0

# Fiscal Analysis (continued)

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## → Fiscal Impact 4 Years

→ FTE

→ Expenditures

- Show expenditures at first level by program, as presented in HB 2
- Use 2.5 percent inflation from FY 2009 to FY 2010, and from FY 2010 to FY 2011, if applicable

# Fiscal Analysis (continued)

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## → Fiscal Impact (continued)

- Fund expenditures by revenue source
- Revenues for agency by revenue source
- Net Impact to Fund Balance
  - Show estimated impact by funding source
  - A positive number will indicate an increase in the fund balance while a negative is a decrease

# Fiscal Analysis (continued)

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- Keep all worksheets and supporting data
- Why? – Consistency (between FNs)
  - OBPP or a Legislator may want to see them
  - Agency's current use or for future reference
  - Similar proposals



# Fiscal Summary – front page

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- ➔ Combines expenditures and revenues by source and states the net impact on the general fund balance for all programs and/or agencies.

# Fiscal Summary – front page

## FISCAL SUMMARY

To open the fiscal Summary spreadsheet, right click on the spreadsheet, select Worksheet Object/Edit. To exit the spreadsheet, click outside of the spreadsheet.

	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>	<u>FY 2012</u> <u>Difference</u>	<u>FY 2013</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance</b>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

# Local Government

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## Effect on County or Other Local Revenues or Expenditures:

- 1.
- 2.
- 3.

- ➔ Explains the fiscal impact on local governments.
- ➔ Significant impact – write short rationale.
- ➔ Include defendable estimates if possible.

# Local Government (continued)

If the impact is substantial and the bill does not provide a specific means to finance the requirements include the following statement:

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“This bill may require local governments to spend additional sums for which no specific means of financing are provided. Section 1-2-114, MCA, provides that bills which have such an impact may not be introduced.”

(In other words, it can't be acted on in committee until this issue has been resolved.)



# Long-term impact

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- ➔ Complete this section ONLY when the fiscal impact is distinctly different beyond the 2011 biennium.
  - ➔ Examples: phased-in revenue or expenditures or sunseting

## Long-term impact (continued)

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- If a dollar estimate cannot be provided make a statement telling why.
- Long-term effects that are not ordinarily anticipated should be mentioned in the fiscal note and quantified.

# Technical Notes

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- ➔ Point out defects of the bill.
- ➔ Examples:
  - revenue intended for an agency with no approp
  - conflicts with unamended statutes
  - undefined terms,etc.

# Dedicated Revenue or New SSR

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“Dedicated Revenue Template 2011”

- ➔ This serves as an analysis of the proposed account by answering a series of questions that are contained in law.

# Questions?

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Contact the fiscal note coordinator  
Jeanne Nevins ([jnevins@mt.gov](mailto:jnevins@mt.gov) or 3616)

OR

your assigned OBPP budget analyst